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December 21, 2005

Via UPS Next Day Air

Ms. Christine C. Gallagher, Esquire
Federal Election Commission
Office of the General Counsel
999 E Street, N. W.
Washington, DC 20463

Re: MUR 5685; BancorpSouth Bank

Dear Ms. Gallagher:

Consistent with your meeting on Friday, December 16, 2005, with Mr. Reiff and Mr. Hershkowitz, I understand a letter prepared by Pat Caldwell, General Counsel for BancorpSouth, was furnished to you and/or your office. Additionally, enclosed as BancorpSouth Bank's response is the Affidavit of David Adcock with Mr. Caldwell's letter as an Exhibit.

We look forward to working with you regarding this matter with hopes the enclosed resolves any questions the Commission has related to BancorpSouth Bank. If there are additional issues, please contact me at the above listed telephone number. With kindest regards, I am

Sincerely,


David Hall

Enclosures

cc: BancorpSouth Bank

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2005 DEC 27 P 1:06

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AFFIDAVIT OF DAVID ADCOCK

STATE OF MISSISSIPPI
COUNTY OF LEE

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2005 DEC 27 P 1:07

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the jurisdiction aforesaid, DAVID ADCOCK, who having first been duly sworn by me, stated on his oath as follows:

(1) My name is David Adcock. I am over the age of twenty-one years and am fully competent to make this affidavit.

(2) I am employed by BancorpSouth as First Vice-President. I have 21 years of experience in the banking industry including loan administration and credit analysis.

(3) I am familiar with BancorpSouth's network of community banks including its practice of continuing loan relationships acquired through mergers and acquisitions.

(4) Based upon my review, BancorpSouth's credit relationship with Joe Turnham was a normal relationship as compared to other credit relationships with similar credit histories.

(5) I assisted in the preparation of a letter dated December 15, 2005, prepared by Pat Caldwell, General Counsel for BancorpSouth, and affirm the content thereof. A copy is attached hereto and made a part of this Affidavit as Exhibit "A".

FURTHER, Affiant says not.



DAVID ADCOCK

SWORN TO AND SUBSCRIBED BEFORE ME on this, the 21ST day of December, 2005.



NOTARY PUBLIC

My commission expires: 11-27-2009

(SEAL)

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December 15, 2005

Mr. Neil Reiff, Esquire
Sandler, Reiff and Young, P.C.
50 East Street, Southeast
Suite 300
Washington, D.C. 20003

Re: BancorpSouth; Joe Turnham and Joe Turnham for Congress

Dear Mr. Reiff:

Per your request, kindly accept this letter from our office, in our role as General Counsel for BancorpSouth, in connection with the above matter. Its purpose is for your use in not only amplifying upon, but hopefully clarifying the Joe Turnham loan relationship related to campaign financing. We appreciate the opportunity to comment in this letter fashion outside the formality of questionnaires, subpoenas, and the like. We trust upon the presentation of this information, the Federal Election Commission may revisit its concerns as to the "Joe Turnham for Congress" loans which are the subject of recent Commission findings directed not only at your client Joe Turnham, but matters associated with our client, BancorpSouth.

BancorpSouth's system of retail side/commercial bank lending is through a system of community banks in six states, many of which were the result of merger and acquisition activity. Notwithstanding merger and acquisition activity, BancorpSouth has a true community bank style, with local decision-making vested with its lending staff, subject of course to certain reasonable loan levels. This is especially true for what we would conveniently term an "inherited" relationship, such as Mr. Turnham's.

In other words, the Joe Turnham relationship predates BancorpSouth's acquisition of the former First National Bank of Opelika, Alabama. Thus original extensions of credit, based upon our understanding, date back pre-merger to a time frame in the late '90s. Following such a merger, where past credit has been extended, BancorpSouth desires to keep the continuity of the prior institution's valued relationships.

EXHIBIT

"A"

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We understand the Turnham family had quite a longstanding and valuable relationship at First National. These concepts of relationships and "knowing your customer" are critical to community banking, and First National, now BancorpSouth Opelika, was and is no exception. For example, we previously informed the Commission in a formal fashion that Tim Turnham, Joe Turnham's brother, served on the BancorpSouth Opelika advisory board. This is truly a business development group, non-decision-making, with no authority to act or otherwise bind the company. They do, however, serve as critical business development resources in and around their branch location. Relationships and referrals are aspects of the advisory board concept, be it business contacts, friends or family. Certainly, Mr. Turnham meets the latter circumstance, not in any manner in the capacity of favorable treatment, but instead, continuation of relationship building and relationship banking.

Another component of not just BancorpSouth but First National Bank (or for that matter, "standard practice" in banking as concerns structuring of loans, their terms, rates, and/or security requirements, if any) is the credit history with the very creditor extending credit. In other words, if, as was true with Joe Turnham and his family, they had successfully met credit obligations to First National and this bank in the past, a community banker is much more prone, in the ordinary course to extend loans to borrowers without what the Commission has termed more "traditional" collateral. Such is true with Mr. Turnham.

Candidly, it appears from review of the relevant loan history records still available that the local branch did not particularly differentiate between "Friends of Joe Turnham" and the later, now criticized, "Joe Turnham for Congress" loans. This is important to a community bank lender, the fact that prior loans of Joe Turnham not only were renewed several times, but had significant principal pay downs. Simply put, the credit relationship with Joe Turnham was a normal loan relationship as compared to a customer with his type established pay history with First National, then BancorpSouth, coupled with a historically favorable family relationship.

We would further suggest that no criticism whatsoever could be made of the interest rates charged to Mr. Turnham throughout his credit history. To my understanding you could review historical rates on loans during 2002 and find that the interest rates of 8.00% charged to Mr. Turnham would certainly constitute "market rates" during the relevant time frame. Also, again being relationship-oriented, the size of these particular loans (even though they did aggregate to a higher amount over time via renewals and extensions, plus additional advances), they were originally made in ranges, for example, \$20,000.00 or so, that based on my best recollection, would be within the local community bank lending authority. [Wherein some of the loan applications had "divisional" and "regional" loan committee stamps which indicate "approved," we would ask you to note that these stamps are dated post-loan origination. This is because in the BancorpSouth system, these committees basically constitute a credit review process as opposed to a credit approval at origination process.]

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Perhaps the most important clarification which we believe needs to be made is a mischaracterization of the Turnham loans as "unsecured." The documentation clearly indicates that such loans are "not otherwise secured" which, in basic parlance at BancorpSouth equates to the loan documents becoming relevant as to set off rights, security interest-type language in deposit accounts, as well as other covenants. As the most ready example, the maker of the subject loans, "Joe Turnham for Congress" has the direct obligation and in fact its loans are secured, namely, secured by the continuing guaranties of Joe Turnham. [While initially at the subpoena stage, since retention on paid out loans did not have the continuing guaranties of Mr. Turnham still "in file" as part of the BancorpSouth file record system, we utilized some of the technical staff of BancorpSouth to essentially "recreate" the text of such guaranties as would be in existence for the relevant 2002 time frames. Those continuing guaranties "re-creations" were previously forwarded to you. In like manner, we understand that retention did not allow back pages of some of the notes to be reproduced, and we have technologically reproduced same and they are also in your possession.]

We ask you to therefore note that loans of the type extended to Mr. Turnham not only are not specialized or unique to Mr. Turnham, but can be quite routine in the BancorpSouth system. Regrettably, we were unable to recreate portfolio information for BancorpSouth going back to 2002. In large measure, however, because the 2005 loan portfolio of BancorpSouth mirrors the history of BancorpSouth's lending practice in the "not otherwise secured" category, we would urge that the current figures hereafter are relevant in Mr. Turnham's circumstance for 2002.

Thus, by way of example, BancorpSouth currently maintains a portfolio of "not otherwise secured loans" consisting of over 16,000 loans totaling over \$442,000,000.00. Taking these "not otherwise secured" loans in the ranges affiliated with the Turnham credits, namely in the \$15,000.00 - \$75,000.00 range, (in relation to the total outstanding loans guaranteed by Joe Turnham), over \$65,000,000.00 of loans fall in such category, representing over 2100 "not otherwise secured" loans. Thus one can readily see, based upon credit history with us, relationships, and in essence "you met your obligations to us," BancorpSouth continued to lend to "Joe Turnham for Congress."

By way of specific example to the credits mentioned in the report of the Commission, the May 28, 2002 loan followed some \$30,000 plus pay down on prior credits. This May 2002 loan was not only secured by the deposits and personal guaranty of Joe Turnham, but also was paid down some \$2,000.00 itself before being renewed into a separate loan. In like manner, the June 17, 2002 loan, likewise secured by the deposits and personal guaranties of Joe Turnham, had pay down history before being renewed into the later October 15, 2002 loan (in combination with the May 28, 2002 loan).

One additional component of BancorpSouth's lending practice in this regard warrants mention. The respective loans are for relatively short terms. This allows the bank to not only manage credits and manage interest rates and pricing, and otherwise monitor such loans, but many times, short term financing becomes renewed and extended as opposed to being considered

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December 15, 2005

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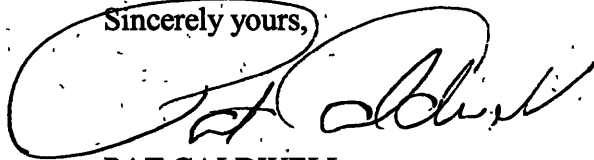
"matured" and paid, all in the normal course. [As we understand it, the corresponding loan application in the "remarks" section fairly well sets forth these plans at respective maturities, namely, the prospect of renewals, or, if not renewed, to be termed out, with the possibility of being collateralized if placed on longer terms, again, all in the normal course.]

The ultimate payoff of BancorpSouth warrants one further mention. It is noted that the payoff for the BancorpSouth loan slightly exceeded the original maturity date of January 13, 2003. (The loan was paid off a short time later, February 5, 2003.) Knowing full well based upon my 25 year history associated with this company how loan officers work their credits, (and in tying same back to prior Turnham loan applications), the goal was indeed to either look at the loan being paid off or restructured and extended as forecasted by the "remarks" section of the credit application. Yet being a short-term loan (in this circumstance just a short three months), such tends to come and go fairly quickly, and as we understand it, efforts to work out the restructure with collateral of Mr. Turnham had some issues associated with title examination which caused Mr. Turnham to seek financing elsewhere, and correspondingly, BancorpSouth got paid in full.

Simply put, to either the local bankers or "up the management chain," a loan less than 30 days past due, especially when one is dealing with its customer based on prior successful pay downs, is simply not on the radar screen of being considered in default. The bank's primary regulator, FDIC, would not in any manner criticize a loan of this size, in the category of "not otherwise secured" by slightly exceeding the original due date. Loans of this type even have the equivalent of a built-in grace period mechanism by way of the late charge provision. Stated differently, a loan at BancorpSouth which matured in mid-month and was paid off a couple of weeks later (for which interest continued to accrue post-maturity until paid) would not be unusual.

We trust this answers the concerns raised by your office on behalf of Mr. Turnham. If, however, we may further assist, please do not hesitate to contact our office.

Sincerely yours,



PAT CALDWELL

JPC/btw

Enclosures

cc: BancorpSouth

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